

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 PA-04 PRS-01 USIA-15 L-03

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R 110325Z MAR 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7762

INFO AMEMBASSY CANBERRA

AMEMBASSY SUVA

AMECONSUL MELBOURNE

CINCPAC

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CINCPAF FOL POLAD

MELBOURNE FOR MCHALE

EO 11652: NA

TAGS: ELAB PINT NZ

SUBJ: UNIONS GET EARLY START ON WAGE CLAIMS

SUMMARY: WITH ECONOMIC STABILIZATION REGULATIONS DUE TO EXPIRE JUNE 30, TRADE UNIONS ARE BEGINNING TO ADVANCE CLAIMS FOR HIGHER PAY PACKETS BEGINNING JULY 1. SOME SORT OF STABILIZATION MEASURES ARE EXPECTED TO CONTINUE THROUGHOUT 1974 BUT ORGANIZED LABOR IS NOT PREPARED TO ACCEPT RESTRAINTS ON THE SAME BASIS THAT IT DID LAST AUGUST. MANEUVERING FOR POSITION DURING THE NEXT SEVERAL MONTHS WILL PLACE A GREAT DEAL OF STRAIN ON THE LABOR PARTY - FOL ALLIANCE: IF AGREEMENT ON WAGES AND THE MODALITIES OF CONTINUED STABILIZATION MEASURES IS NOT REACHED IN THE NEXT TWO MONTHS, TTOESE LIMITED OFFICIAL USE

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ISSUES WILL MAKE THE ANNUAL MAY CONFERENCES OF THE

LABOR PARTY AND THE FOL STORMY SESSIONS AT BEST. END SUMMARY.

1. IN A MAJOR ADDRESS MARCH 7, STAN RODGER, PRESIDENT OF NZ COMBINED STATE SERVICES ORGANIZATION (CSSL), STATED CIVIL SERVANTS WERE SEEKING 20 PERCENT PAY INCREASE TO BECOME EFFECTIVE JULY 1. RODGER JUSTIFIED CLAIM BY NOTING THAT WHILE SALARY AND WAGE PAYMENTS IN LAST YEAR ROSE 11 PERCENT, FARMING INCOME WAS UP 30 PERCENT, COMPANY INCOME UP 22 PERCENT, AND OTHER PERSONAL INCOME (INCLUDING SELF-EMPLOYED ROSE 18 PERCENT. RODGER NOTED ESTIMATED 3.8 PERCENT PRODUCTIVITY INCREASE DURING 1973 AND FORECAST EVEN GREATER PRODUCTIVITY GAINS FOR 1974. CSSO ALSO EXPECTS COST OF LIVING TO INCREASE CONSIDERABLY DURING COMING YEAR, THUS ADDING TO NEED FOR WORKERS TO HAVE LARGER INCOMES.

2. WHILE RODGERS COMPARISON OF SALARIES AND WAGES WITH OTHER INCOMES SMACKS A GREAT DEAL OF ADDING APPLES AND ORANGES IT DID ESTABLISH CSSO BARGAINING BASIS IN NEW ZEALAND'S EGALITARIAN SOCIETY. ALSO, RELATIVE INCOMES OF VARIOUS SECTORS OF THE ECONOMY ARE A MAJOR ISSUE HERE. THUS RODGER'S POSITION WILL NOT BE EASILY ERODED BY REFERENCE TO RISK FACTOR INVOLVED IN INDUSTRY, FARMING OR SELF-EMPLOYMENT.

3. FEDERATION OF LABOR (FOL) DEMANDS HAVE NOT YET BEEN MADE PUBLIC. GENERAL ASSUMPTION, HOWEVER, IS THAT WAGE INCREASES OF ABOUT 12 PERCENT WILL BE REQUESTED. FOL EXPECTATION (MORE OR LESS CONFIRMED BY MINLABOR WATT) IS THAT SOME SORT OF WAGE CONTROLS WILL REMAIN IN EFFECT AFTER JUNE 30 EXPIRATION PRESENT MEASURES. WHILE FOL WOULD LIKE TO SEE ALL CONTROLS ENDED, IT APPEARS WILLING GO ALONG WITH CEILING ON WAGES IN RETURN FOR RIGHT TO BARGAIN OTHER ISSUES ACROSS THE TABLE. FINAL FOL ACCEPTANCE OF SUCH PLAN WOULD BE PREDICATED ON FIRST RECEIVING A SIZEABLE PAY PACKET INCREASE.

4. COMMENT. WAGES, INFLATION AND INDUSTRIAL RELATIONS ARE PARTICULARLY SENSITIVE ISSUES FOR NZ LABOR GOVERNMENT WHICH CANNOT HOPE TO SURVIVE WITHOUT FOL-CSSO LIMITED OFFICIAL USE

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SUPPORT. ON OTHER HAND, GOVERNMENT CANNOT AFFORD TO BE PICTURED AS BEING IN LEAGUE WITH LABOR MOVEMENT. NET RESULT IS THAT KIRK, WATT, ET AL, FORCED TO WALK VERY FINE LINE IN LOVE-HATE RELATIONSHIP WITH TRADE UNIONS. DELICACY OF THIS SITUATION WILL INCREASE AS JUNE 30 EXPIRATION OF STABILIZATION REGULATIONS APPROACHES. IN THIS RESPECT IT IS NOTEWORTHY THAT LABOR PARTY HAS ADVANCED DATE OF ITS ANNUAL CONFERENCE BY TWO WEEKS IN ORDER HOLD

IT PRIOR TO FOL CONFERENCE. EFFECT OF THIS MOVE WILL BE TO TAKE AWAY FROM FOL CONFERENCE POSSIBILITY OF INSTRUCTING TRADE UNION DELEGATES TO PARTY MEETING ON HOW THEY SHOULD VOTE. PARTY WILL HAVE TO ACCEPT SOME FLAK FROM FOL FOR THIS MOVE, BUT OBVIOUSLY CONSIDERS THAT PREFERABLE TO OPEN ATTACK IN CONFERENCE BY INSTRUCTED DELEGATES ON THE WISDOM AND SUCCESS OF ITS WAGE-PRICE REGULATIONS.

5. KIRK GOVERNMENT'S HANDLING OF WAGES ISSUE DURING NEXT SEVERAL MONTHS WILL SET THE TONE OF INTERNAL NZ POLITICAL SCENE FOR REST OF THIS YEAR. KIRKS IS A VERY ABLE POLITICIAN AND, IF HE HANDLES THIS PROBLEM HIMSELF, SHOULD BE ABLE TO REACH SOME KIND OF AGREEMENT WITH ORGANIZED LABOR THAT WILL BE ACCEPTABLE TO ALL PARTIES. HOWEVER, HIS PENCHANT FOR LETTING HIS MINISTERS DO THEIR OWN WORK MAY RESULT IN HUGH WATT'S BEING PRIMARILY RESPONSIBLE FOR HANDLING (OR MISHANDLING) THE PROBLEM. WATT'S TRACK RECORD IS SUCH THAT THERE IS A GOOD CHANCE HE WOULD ALIENATE ORGANIZED LABOR, MANAGEMENT AND THE REST OF THE VOTING PUBLIC BEFORE FASHIONING AN AGREEMENT.
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